

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1585-01
Bill No.: HB 602
Subject: Taxation and Revenue - Property
Type: Original
Date: March 13, 2013

Bill Summary: This proposal would remove the December 31, 2015 termination date from local government property assessment funding provisions.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government *	\$0	\$0	\$0

* offsetting \$7.1 million revenue reduction and additional revenue beginning in FY 2017.

FISCAL ANALYSIS

ASSUMPTION

Section 137.720 RSMo. - Assessment Fund Withholding:

Officials from **Boone County** stated the current withholding for their county is limited to \$125,000 per year, and this proposal would extend the authorization for that withholding beyond December 31, 2015.

Officials from the **City of Kansas City (City)** stated that under current law, Kansas City is required to pay five-eighths of one percent of all ad valorem property tax collections to the assessment fund of each of the four counties in which the city is located: Jackson, Clay, Platte and Cass counties. This payment includes a component of one-eighth of one percent which would expire on December 31, 2015 under current law. HB 602 would make the one-eighth of one percent payment to the county assessment funds permanent. The additional one-eighth of one percent Kansas City payment to the county assessment funds in fiscal year 2016 is estimated to be \$75,840.

Officials from the **City of St. Louis (City)** stated the 1/8th percent tax generates about \$350,000 for the City each year to help cover the expenses of the Assessor's Office.

Officials from the **State Tax Commission (TAX)** assume the proposal would have no fiscal impact for their organization. TAX officials advised us that the assessment fund withholding for FY 2010, as reported to their office, was \$6.9 to \$7.1 million.

Officials from the **Office of the Secretary of State**, the **Joint Committee on Administrative Rules**, the **Department of Revenue**, and **Parkway School District** each assume the proposal would not fiscally impact their respective agencies.

ASSUMPTION (continued)

Oversight assumes this proposed legislation would extend an existing provision by removing or changing the expiration date. Oversight assumes removing or changing the expiration date would also extend any fiscal impact associated with the existing provision.

For fiscal note purposes, Oversight would indicate a revenue reduction from withholding of \$7.1 million from local governments which levy taxes and the same amount of additional revenue for counties (including the City of St. Louis) for assessment funding. Oversight notes that current provisions allow the withholding through December 31, 2015 (FY 2016) and virtually all assessment fund withholding for FY 2016 would be completed by December 31, 2015. Therefore, the first fiscal impact for this proposal would be in FY 2017 which is beyond the time covered by this fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
---	---------------------	---------	---------

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
------------	------------	------------

<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
---	---------------------	---------	---------

LOCAL GOVERNMENTS

Additional revenue - local governments
 Assessment Fund withholding
 Section 137.720 *

\$0	\$0	\$0
-----	-----	-----

Revenue reduction - local governments
 Assessment Fund withholding
 Section 137.720 *

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
------------	------------	------------

**ESTIMATED NET EFFECT ON
 LOCAL GOVERNMENTS ***

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
------------	------------	------------

* offsetting fiscal impact of \$7.1 million revenue reduction and additional revenue beginning in FY 2017.

SS:LR:OD

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal would remove the current December 31, 2015 termination date from the local property tax withholding for assessment purposes.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State
Joint Committee on Administrative Rules
Department of Revenue
State Tax Commission
Boone County
City of Kansas City
City of St. Louis
Parkway School District



Ross Strobe
Acting Director
March 13, 2013